

GLOBAL PALM RESOURCES HOLDINGS LIMITED

(Company Registration No. 200921345M)

(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the “**Board**”) of Global Palm Resources Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s annual report for the financial year ended 31 December 2021 released on 12 April 2022 (“**FY2021 Annual Report**”). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 27 April 2022 in relation to the FY2021 Annual Report and sets out the responses as follows:

SGX Query 1:

Listing Rule 710 requires issuers to explicitly state, when varying from any provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), to explain the reason for variation, and explain how the practices it has adopted are consistent with the intent of the relevant principle. In this regard:

(a) Provision 2.2 of the Code states that:

“Independent directors make up a majority of the Board where the Chairman is not independent.”

We note that the Company had not complied with Provision 2.2 of the Code as independent directors do not make up a majority of the Board where the Chairman is not independent. No explanations were provided for in the annual report on how the Company’s practices are consistent with the intent of Principle 2 of the Code.

If the Company has not complied with Provision 2.2 of the Code, please explain its reason(s) for varying from Provision 2.2 of the Code. Please also explain and explicitly state whether the practices it has adopted are **consistent with the intent of Principle 2 of the Code**.

Company’s Response to SGX Query 1:

Following the redesignation of Mr Guok Chin Huat Samuel (“**Mr Guok**”) from Independent Non-Executive Director to Non-Independent Non-Executive Director with effect from 1 January 2022, the Company acknowledges that for the period of 1 January 2022 until Mr Guok’s reappointment as independent director of the Company (which took place on 27 April 2022), the Company is not in compliance with Provision 2.2 of the Code (as set out on page 45 of the FY2021 Annual Report).

The Company wishes to clarify that the redesignation of Mr Guok was done to comply with the requirements under Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST. As such, with the view of rectifying this as soon as possible to be in compliance with the Code, the Board has sought the Company’s approval for the appointment of Mr Guok as Independent Director of the Company at the Company’s annual general meeting (“**AGM**”) held on 27 April 2022 in accordance with the two-tier voting mechanism under the Listing Manual of the SGX-ST. Following the Company’s AGM held on 27 April 2022, Mr Guok has been appointed as an Independent Director of the Company.

Notwithstanding the redesignation, when assessing Mr Guok's independence, the Nominating Committee ("NC") performed a particularly rigorous review as Mr Guok had served beyond nine years on the Board, taking into account examples of relationships as set out in the Code in its deliberation as to the independence of a Director. The basis of the NC and the Board's recommendation for Mr Guok's re-appointment as independent director is as set out in pages 44 and 45 of the FY2021 Annual Report.

SGX Query 2:

(b) Provision 3.1 of the Code states that:

"The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making."

Provision 3.2 of the Code states that:

"The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO."

We note the Company's disclosure at page 46 of the annual report for FY2021. Please address whether the Company has complied with Provisions 3.1 and 3.2 of the code.

If the Company has not complied with Provisions 3.1 and 3.2 of the Code, please explain its reason(s) for varying from Provisions 3.1 and 3.2 of the Code. Please also explain and explicitly state whether the practices it has adopted are **consistent with the intent of Principle 3 of the Code**.

Company's Response to SGX Query 2:

Dr Suparno is both Chairman and CEO of the Group. Accordingly, the Chairman and CEO are not separate persons and there is no division of responsibilities between the Chairman and the CEO.

Although the roles and responsibilities of both the Chairman and CEO are vested in Dr Suparno, major decisions are made in consultation with the Board, a majority of whom are Independent Directors following the approval of Mr Guok's appointment as Independent Director at the Company's AGM held on 27 April 2022. In addition, in line with Guideline 3.3 of the Code, the Company had on 16 March 2020 appointed Mr Yee Kit Hong as its Lead Independent Director, whose role is to lead and coordinate the activities of the Independent Directors and serve as a principal liaison on Board issues between the Independent Directors and the Chairman. The Lead Independent Director is also available to shareholders who have concerns which contact through the normal channels of the Chairman, CEO, Executive Directors or Chief Financial Officer have failed to resolve or for which such contact is inappropriate.

As such, consistent with the intent of Principle 3 of the Code, the Board is of the view that there are sufficient safeguards in place to ensure that the Management is accountable to the Board as a whole, and that the process of decision making by the Board is independent and based on collective decisions without any individual or small group of individuals dominating the Board's decision making. Please refer to page 46 of the FY2021 Annual Report in this regard.

SGX Query 3:

(c) Provision 8.1 of the Code states that:

“The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”

We note the Company’s disclosure on remuneration at pages 51 to 52 of the annual report for FY2021. Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are **consistent with the intent of Principle 8 of the Code**, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company’s Response to SGX Query 3:

The Company would like to clarify that the Company has complied with provisions 8.1 (as disclosed on pages 51 and 52 of the FY2021 Annual Report) and 8.2 (as disclosed on page 52 of the FY2021 Annual Report). As for provision 8.3, save as disclosed in pages 51 and 52 of the FY2021 Annual Report, there are no other forms of remuneration, payment or benefits paid by the Company and its subsidiaries to Directors and key management personnel of the Company, and the Company does not have any employee share scheme in place.

The Company has disclosed on pages 50 to 52 of the FY2021 Annual Report that in determining the remuneration of the Board and key management personnel (including the CEO), the Group will consider:

- (a) the pay and employment conditions within the industry and in comparable companies;
- (b) the Group’s relative financial performance and commercial needs; and
- (c) the contributions and performance of the individual.

The remuneration for Executive Directors and key management personnel comprise of basic salary component and variable component, namely the annual incentive bonus. The latter is based on the performance of the Group as a whole and their individual performance. The Group also seeks to ensure that the remuneration packages are adequate but not excessive.

As for the Non-Executive Directors, the Non-Executive Directors are paid Directors’ fees, appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, subject to shareholders’ approval at AGM.

By Order of the Board

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman and CEO

29 April 2022